



September 7, 2017

Confidential--Compromise Communication

Kerri Capello
Medicaid Director
Louisiana Department of Health
628 N 4th St, Baton Rouge, LA 70802

Ms. Capello:

On August 7, 2017, Louisiana Department of Health (LDH) issued a Notice of Action to Health Management Systems (HMS) with respect to the item outlined below. HMS is committed to its work and service for the State of Louisiana under our contract. We thank you for providing HMS with the opportunity to submit the following letter detailing the actions that HMS has taken with respect to the item identified, as well as proposed modifications to address concerns with the contract standards as currently written.

Issue:

1. *HMS has failed to pursue follow-up on outstanding accounts receivables six (6) months after Contractor issues billings to carriers with the requirement of ninety (90) percent resolution of claims within ninety (90) days of six (6) month follow-up.*

a. Current Contract Requirement:

- i. Section III. B.1.d: The Contractor Shall Pursue follow-up on outstanding accounts receivables six (6) months after Contractor issues billings to carriers with the requirement of ninety percent (90%) resolution of claims within sixty (60) calendar days of six (6) month follow-up.

b. HMS Actions:

- i. The term “resolution” is not defined in the parties’ contract, and HMS disagrees with the unilateral interpretation that LDH has applied in its Notice of Action. However, HMS documents that a claim is resolved by either posting the paid amount provided by the carrier or by closing the denied. HMS has also determined that the reporting to capture the denied claims was not generating appropriately. In addition, HMS is required to modify the SQL programing used to populate this report.

1. The programing to correct the report will be completed by September 30th and the corrected reports will be delivered by October 13th.

c. HMS SLA Clarification Request:

- i. HMS requests that the parties review the definition of the term “resolution.” Specifically, this term is not defined in the contract, and LDH’s Notice of Action unilaterally adopts a definition of this term that HMS believes is inconsistent with the contract as well as the way that HMS delivers services under the contract. It is critical that HMS and LDH are in agreement on the meaning and definition of this term in order to allow the parties accurately measure performance under the contract.
- ii. HMS further requests clarification on LDH’s intent to apply the liquidated damage to the same project if the project in subsequent months. For instance, if Project A is not within the 90% resolution rate in August and is not within in the 90% resolution rate for Sept HMS would anticipate that the liquidated damage is only applicable in August.

Under the current contract, the clear, measurable, and enforceable standards of performance are not well defined, and HMS’s requests to clarify the language to the Performance Standards set forth above are intended to increase the clarity of the SOW under this contract, and further improve the efficiency of the work flows between HMS and LDH. In addition, HMS has concerns that the Performance Standard provisions, as currently written and interpreted, do not constitute a fair estimation of damage and could result in an unreasonably punitive outcome, particularly given the methodology by which HMS is paid under the contract, and the various metrics by which multiple liquidated damages provisions could apply to various instances of conduct. We would like to discuss a number of ways that the parties may address these ambiguity issues with the Performance Standards.

We appreciate the opportunity to respond to your Notice of Agency Action and the opportunity to provide the results, research, and actions for each issue. We respectfully request a meeting to discuss the standards and need for clarification. If you have any questions, please do not hesitate to contact Courtney Walters at 206.450.4423

Sincerely,

Courtney Walters

Cc: Sheila Savoy
Jacques Kado

Jen Steele
Colleen Fournier
Bonnie Vaughn
Omar Kilany